

**Lobster Advisory Council Meeting
Dept. of Transportation
Augusta, Maine
August 16, 2012 - 4:00 PM**

A meeting of the Department of Marine Resources' Lobster Advisory Council (LAC) was held on this date at the Department of Transportation – Main Conference Room, 2 Child Street, Augusta, Maine. Council members attending this meeting included: Chairman Bob Baines, Gerry Cushman, Dan MacDonald, Steve Taylor, John Drouin, Dana Rice, Andy Hawke, Jeff Putnam, Jon Carter, Ted Hoskins, Nick Lemieux and Elliott Thomas. Members not present included: Pete McAleney. Commissioner Pat Keliher, Colonel Joe Fessenden, Deirdre Gilbert, Sarah Cotnoir, Carl Wilson, Kathleen Reardon and Kathleen Brosnan of the Department of Marine Resources were also present. Others present were: Josh Miller, John Tripp, Doug McLennan, Jim Tripp, Robert Morris, Philip C. Morris, Paul A. Jones, Bradford Parady, Michael Dawson, Jim Wotton, Richard Larrabee, Jr., Richard Larrabee, Sr., Richard Nelson, Alexa Dayton, Victor Cole, Brett Schwab, Jessica Hall, John Hathaway, Rep. Kim Olsen, Dane Somers, Cathy Billings, Marianne LaCroix, Aaron Fuchs, Genevieve Kurilec, Togue Brawn, David Cousens, Jim Dow, Doug Ray, Annie Tselikis, Jim Merryman, Amanda LaBelle, Sarah Ebel, Tad Miller, Steve Train, Billy Bob Faulkingham, Sen. Christopher Johnson, Rep. Windol Weaver, Rep. Bruce MacDonald, Rep. Walter Kumiega, Justin Papkee, Jessica Brophy, Arnie Gamage and Mike Dixon.

1. Welcome and Review Agenda

Chairman Baines made several small changes to the order of the agenda. The marketing plan will be discussed prior to the MSC item.

2. New Business

Canadian Update

Commissioner Keliher stated that the issue regarding relations with the Canadian lobster industry has been resolved. Trucks are moving once again and fishing has resumed. He stated that it was the Department's hope that fishing would continue. The 10-day injunction ends at the end of the week and there isn't any indication that there would be any issues.

A question was raised regarding a trade violation. Commissioner Keliher stated that there has been no trade violation. As long as our products are allowed to cross the border freely and their product can cross the border freely, there is no trade violation.

Gerry raised a question regarding the subsidized price and asked for clarification. Commissioner Keliher stated there was a consolidation of the Canadian snow crab industry. New Brunswick put some money on the table, essentially giving loan payments to help subsidize, but that was rejected. Eventually, the processors were the ones to put money on the table, in addition to the Maritime Fisheries Union (MFU). A quota was given for the first two weeks to help slow down landings and to ensure the money that was given by the MFU was stretched out.

Report from Lobster Advisory Council – Profitability and Lobster Quality Sub-Committee Meeting

Chairman Baines stated that the sub-committee met recently in Camden and discussed profitability and quality. The LAC is responsible for moving the conversation forward. The pro's and con's must be discussed and hopefully the LAC will have something by fall to bring to the legislature. There are many fishermen and dealers who recognize there are problems that need to be addressed.

Commissioner Keliher stated that he wanted to be clear that the conversation was not about reduction, but profitability. The goal should be how we assure a landing of a quality product at the time when it is needed. The maximum value should be attained through this public resource.

Chairman Baines stated that the conversation should start today and the sub-committee should be formed by the end of the meeting. He opened the floor for questions and comments.

Paul Jones from Harpswell questioned why the new marketing plan that was being introduced wasn't sent out to every license holder in the form of a survey and sent to the LAC for a vote. Chairman Baines stated that this work started last year and the issue would be discussed in detail later on in the meeting, but the conversation on the table was profitably not marketing.

Jeff Putnam stated that in June or July 2011, the price of lobster was \$4.50 per pound. He stated that it just goes to show that it changes each year and there is nothing saying next year the price will not skyrocket again. He expressed concern about adding new regulations and restrictions to try and plan for something that may or may not happen next year.

Chairman Baines stated that all options are on the table and that the industry needs to address these issues, within the industry, given the record low price and record low profitability because of the early shed and the abundance of lobsters. Something needs to be done to put the industry in a better position next year.

Gerry stated as a representative of Zone D, it was his responsibility to bring forth the ideas of the lobstermen in the zone to the LAC, regardless of whether or not he agreed with their opinions. He also felt that it was bad business to assume that the issues that arose this year may or may not disappear next year. There needs to be tools put in place to ensure that this does not happen again next year. If the LAC chooses to do nothing and there are complications again next year, there will be nothing in place in order to correct it.

John Drouin stated that we need to do preventative maintenance. The catch per year varies up and down the coast and the LAC needs to figure out what to do to keep the industry strong, healthy and profitable. The industry needs to learn to be proactive instead of reactive, so that way everyone in the industry is profitable.

Steve Taylor stated that he felt that there is not one fisherman that doesn't complain about the price of lobster every single year. The system is broken and something needs to be done.

Elliott stated that part of the solution to the problem was to improve the quality of the lobster and then the price will increase. If the industry would just delay the early catch to avoid the softest lobsters, then price would increase. Gerry agreed with Elliott and also stated that price needs to increase, but expenses also need to be cut, which will in turn increase profitability.

Chairman Baines stated that there are 15,000 people in the state that rely upon the lobster industry to make a living. Josh Miller from the Zone D Council stated that he felt that the zone councils will play a key part in local opinion. Commissioner Keliher stated that the zone councils play in an integral role in the decision-making process.

Gerry stated he planned on having a district meeting in the coming weeks to gather opinions and urged the other zones to follow suit.

Billy Bob Faulkingham from Winter Harbor stated he felt there should be no new fees or regulations. He stated that he felt this year was an anomaly and everyone has gone into panic mode. He felt the issues would straighten themselves out.

Steve Train stated he felt that ignoring the issue was not the answer. Last year the industry was down about 75 cents a pound on the boat price and this year it is down about 75 cents to \$1.25. On 100 million pounds of lobsters, that totals \$200 million not going back into the coastal economy. Once the tourists leave the state, we are the coastal economy. We cannot continue with business as usual hoping things will get better.

Genevieve Kurilec expressed that the work should be on increasing the price instead of decreasing the catch.

Jim Dow stated that they were not looking at decreasing catch. It is looking at not landing soft shells - either by slowing down the fishery or stopping the fishery at the beginning. Product is being thrown into dumpsters and the only way to eliminate that is to slow down the effort.

Jon Carter stated that he agreed with Jim. He also suggested there be a lobster commission, much like the milk commission. That way if a situation similar to this year arises again, then dealers, lobstermen and processors can get together to decide what to do. Unless they are forced to stay home, fishermen will always fish. If products are being tossed in dumpsters, perhaps rolling closures might work. We need better quality because that will raise the price.

Dana stated that he felt that the one thing they should have learned in the 20, 30, or 40 years in the industry is that a broad-brush approach will not work. The world economy is the worst it has ever been since 1929. The industry is producing 103 million pounds of lobsters, and it is still functioning. The price will not increase without marketing. It has been proven in other industries that it works.

Jon Carter stated that in Bar Harbor, in order to help the industry, it was suggested to supply the cruise ships with lobsters. Any new markets that the industry can get can only help the industry.

Jim Dow stated that the consumer is the one who drives the price. 2004 was a good year for profitability. If the consumer does not feel they are getting a good deal, they will not buy the product.

Gerry stated that he felt that although marketing is important, he feels that it is imperative that there be tools in place in case this happens again in years to come.

David Cousens stated that he felt the industry needs a new business plan. Water is warmer and lobsters are not holding in the harbors. We have to be smarter with the product. Not necessarily catching fewer lobsters, but catching the same amount in a time frame that is more valuable. The industry needs to find a way to shift the harvest, which will positively affect the entire industry.

A concern was raised that some options may negatively impact the bay boats.

A suggestion was given that lobsters should be graded by hard shell versus soft shell and the processors and dealers would pay prices based on the quality of the lobsters.

Gerry stated that "doing nothing" doesn't make sense. Changes need to be made to ensure a viable fishery for years to come, especially given the increase in boat prices, fuel prices, etc.

Other comments/suggestions:

A question was raised as to why the State does not kick in the starting amount of the marketing program, so it does not take several years to reap the benefits, especially given that lobster is an iconic Maine product and heavily tied into tourism.

The Commissioner stated that the Governor feels strongly that the marketing and selling of Maine products and Maine brands is extremely important. He is supportive of the efforts and DECD is

working on branding and marketing of all Maine products. The Department is looking into seed money in order to get marketing going. If it is strictly a surcharge, then it will be a year before the funds will become available.

One fisherman from Port Clyde suggested a super co-op to discuss ideas such as marketing, etc. as a group.

A comment was made that lobstermen are not the only people struggling. People all throughout the country and the world are feeling the economic crunch. He suggested trying to figure a way to get lobster inland, with more emphasis on marketing and finding homes for soft shelled lobsters. If we have the money to market the product, then the lobsters will not need to be shipped to Canada.

Chairman Baines suggested a sub-committee be formed in order to move this discussion forward and asked for volunteers. The sub-committee should consist of members of the LAC and outside entities as well. LAC members Bob Baines, Jon Carter, Elliott Thomas, Gerry Cushman and Dana Rice all volunteered to participate on the sub-committee. A member from DELA, a member from MLA and DMR staff will also participate on the sub-committee.

Review of Marketing Plan

Chairman Baines suggested that a motion be made to move the marketing plan forward.

MOTION: (*Gerry Cushman and Elliott Thomas*) To move the marketing plan as written forward.

John Drouin stated that he felt that the motion be reworded since the marketing plan was incomplete. Commissioner Keliher suggested the motion be amended to state that the Department would draft language to put into a bill format that would address all components that have been discussed by the LAC.

AMENDED MOTION: (*Gerry Cushman and Elliott Thomas*) To request that the Department of Marine Resources draft a bill on marketing, which will be reviewed by the LAC. All in favor.

Update on Marine Stewardship Council (MSC) – Togue Brawn

Togue gave a brief overview of the MSC. The process was started 5 years ago when a group of stakeholders (The Client, whose full name is the Fund for the Advancement of Sustainable Maine Lobster) began seeking MSC certification. In 2009, MSC assigned an independent contractor to assess the fishery. This contractor (Moody Marine, now Intertek Moody Marine) hired independent experts to investigate various aspects of the fishery.

The MSC was started in 1999 to create market-based incentives to reward and encourage sustainable fishing and to assure consumers that their food was coming from a sustainable resource. Unfortunately, there are a lot of organizations which claim to tell people where the food comes from. The MSC is the gold standard against which all other bodies are judged, as it provides a level of confidence to consumers which other organizations can't. The MSC label across the world ensures consumers that the product comes from a sustainable fishery, with a good management system that doesn't have that much of an impact on the environment. The MSC looks at a fishery using three different principles:

- 1.) The number of exploited stock. Is the stock healthy? Is the data that the managers are using to determine whether or not the stock is healthy good data? Are managers equipped with tools so they can make adjustments to fishing pressure, if necessary?
- 2.) Maintenance of the Ecosystem. How does the industry impact the system in terms of by-catch, habitat, and endangered species?

- 3.) Effectiveness of the management system. Is the management system responsive, fair and adhered to?

Scoring for each principle is broken into sub-categories. There are 31 different sub-categories and each category gets a score on a 100-point scale. The average score for each of those principles has to be 80 or higher for the fishery to be certified. If any one of those 31 categories is below 60, the fishery fails. If they are all above 60 and the average for each is 80 or above, then they pass. If, however, an individual category is below 80, then a condition is assigned and the fishery needs to work on improving that score within the next 5 years.

Maine received its original assessment back in 2010. The fishery passed with seven conditions and an updated report was submitted in January of 2012. Maine received an updated report and new scores in May of 2012. Maine was able to eliminate 4 of the 7 conditions and a total increase of 120 points overall, leaving a total of 3 conditions out of 31 categories.

The first condition pertained to habitat, in which data needs to be collected to prove the low impact on habitat. The other two conditions pertain to management.

The Maine lobster fishery passed the assessment with limited conditions. Fishing practices do not need to change. The Client will create an action plan, and will go out to the public with the report. The MSC will conduct an internal review. It is anticipated that certification will be received in early 2013.

The MSC label will help differentiate Maine lobster from lobster in other parts of the world. The MSC label should help increase the market share. MSC is not going to solve the problem of the lobster industry, but it will assist in the marketing and promotion due to its sustainability and low carbon footprint.

3. DMR Updates

Marine Patrol Updates

Col Fessenden stated that Marine Patrol hired three new officers. One is starting in York County on Monday. Two new people started at the Academy last week.

The Commissioner has authorized the purchase of a 40-foot trawl vessel, in which an older MP vessel will be traded in.

Meeting adjourned at 6:33 p.m.